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**TO:** Senate Co-Chair Paul Formica  
Senate Co-Chair Catherine Osten  
House Co-Chair Toni Walker  
House Ranking Member Melissa Ziobron  
Honorable Members of the Appropriations Committee

**FROM:** Paul J. Knierim  
Probate Court Administrator

**RE:** HB 7027, An Act Concerning the State Budget for the Biennium  
Ending June 30, 2019, and Making Appropriations Therefor

**DATE:** February 22, 2017

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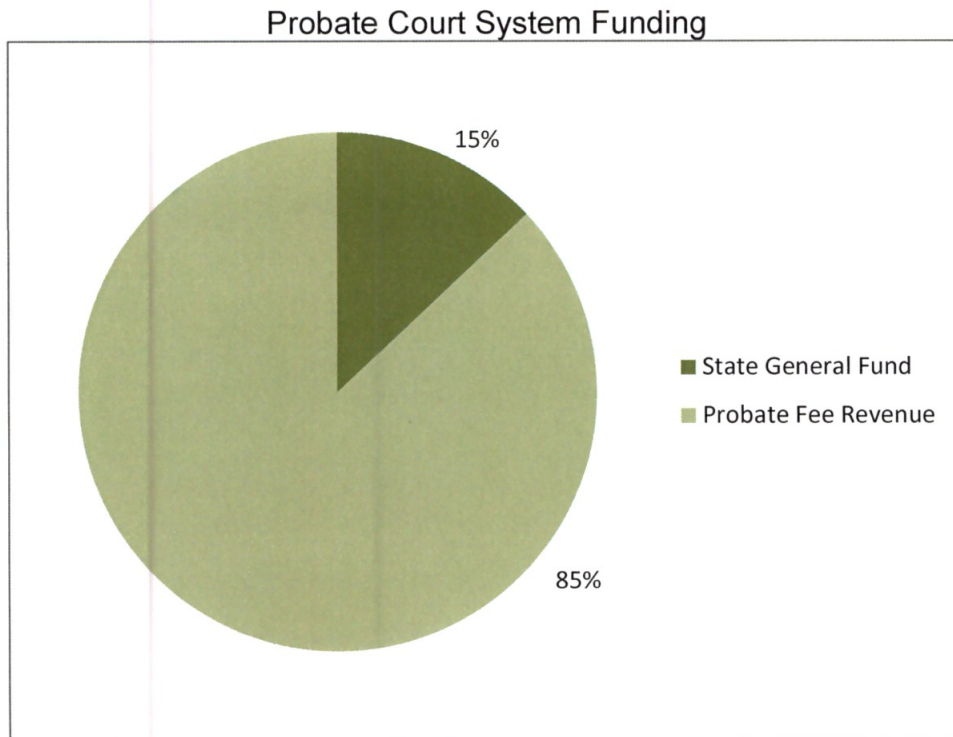
Thank you for the opportunity to present testimony on the budget needs of the Probate Court system. Our proposed general fund appropriation is \$7.1 million for fiscal year 2017-18 and \$7.4 in fiscal year 2018-19. A summary of projected revenue and expense is attached.

A brief review of funding changes over the past two fiscal years provides needed context for our proposal. The general fund appropriation for the Probate Courts in fiscal year 2014-15 was \$10.3 million (net of rescissions). The fiscal year 2015-16 budget eliminated the appropriation altogether and increased probate fees as a substitute for state budget support. Responding to concerns that drastically higher fees on decedents' estates would ultimately be self-defeating, the General Assembly adopted a budget for fiscal year 2016-17 that capped fees at \$40,000 and restored general fund support at \$6 million.

Our proposed general fund appropriation represents a \$1.1 million increase from the current fiscal year and an additional \$0.3 million in the second year of the

biennium. The increases are driven primarily by the anticipated reduction in probate fee revenue resulting from restoration of the cap and increases in conservator expenses and personnel costs.

Of particular note, our funding request for next year is **\$3.2 million less** than the appropriation for fiscal year 2014-15. It is **\$2.9 million less** for the second year of the biennium. If our proposal is approved, general fund support will make up **only 15% of the Probate Court budget, down from 25% three years ago.**



Equally notable is the fact that the Probate Court system will spend **\$2.4 million more** on statutory mandates than the funding we seek. The following three mandates will total \$9.5 million next year:

\$4.9 million - Conservators for indigent conserved persons

\$2.6 million - Attorney and related expenses for indigent parties

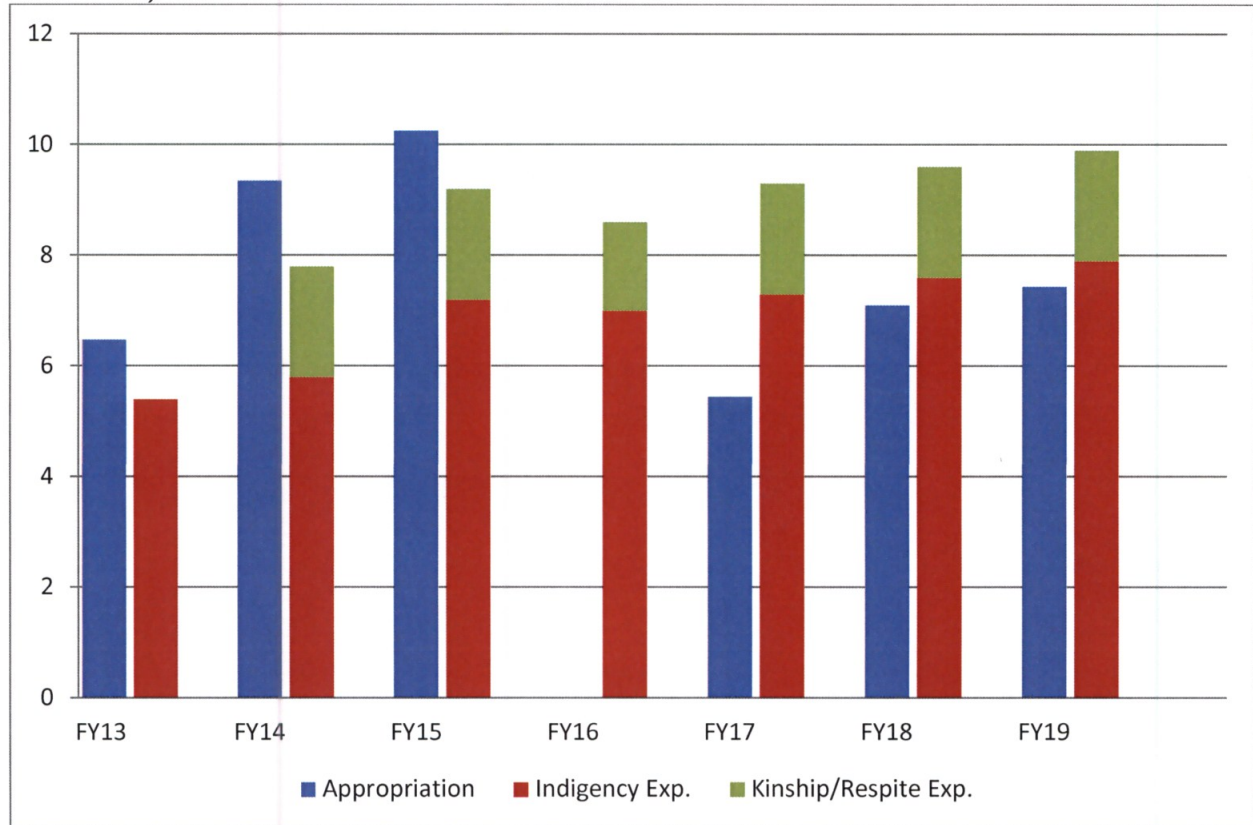
\$2.0 million - Kinship and Respite grants

These programs require direct cash outlay by the Probate Court system to third parties. The figures do not reflect any of the cost of administering the programs. Each program was originally supported with a specific general fund appropriation, but no longer is. The result, in effect, is that no general fund

money is used to pay for the operation of the Probate Courts. Operating costs are borne entirely by the fee revenue that the courts collect.

### Probate Courts General Fund Appropriation / Utilization

(\$ in millions)



Connecticut's Probate Courts handle a growing docket of cases involving children, seniors and individuals with mental illness, intellectual disability and autism, in addition to decedents' estates and trusts. In the past five years, mental health cases have increased by 58% and children's cases have increased by 20%. In the last year alone, our overall caseload grew by 5%.

In conservatorship and guardianship cases, the Probate Court system is the ultimate safety net for thousands of our fellow citizens. Conservators and guardians are essential to ensuring the most basic needs for those who cannot care for themselves, particularly as state agencies and other providers cut back on services. Depending on the needs of the individual, conservators are responsible for arranging food, housing, medical care and psychiatric treatment. They often must address medical needs on an urgent basis, sort out neglected financial affairs, arrange home care, address safety problems at the conserved person's home and apply for public assistance programs. It is, without exaggeration, a life or death role, often the difference between homelessness

and a safe apartment, between neglect and urgent medical treatment, between abuse and physical safety, between financial exploitation and having the ability to make ends meet from the savings that it took a lifetime of labor to accumulate. For children whose parents cannot care for them, the Probate Courts are the means by which a family member is empowered to provide a safe and loving home and all the supports that go with raising a child.

The Probate Court system represents an exceptionally strong value proposition to the state. An investment of \$7.1 million yields a portfolio of supports for our state's most vulnerable residents that costs \$47 million to provide. For every 15 cents of general fund spending, the Probate Court system spends a dollar on essential services for Connecticut residents.

The point is reinforced by the cost effective manner in which the Probate Courts handle the cases that fall within our jurisdiction. Last year, the Probate Courts handled more than 139,000 cases in which it was our duty to protect the interests of a person who cannot advocate on his or her own behalf. Factoring in all expenditures from the system (including statutorily mandated grant programs and compensation of conservator and attorneys for indigent parties, as well as all operational expenses), the average cost per case during that period was \$319.

As important as those statistics may be, the most compelling evidence of the value proposition that the Probate Courts represent is the favorable impact of our services on state finances. The Probate Courts facilitate family centered solutions for individuals who are unable to care for themselves. Those arrangements avoid the need for far more costly services and thereby save the state hundreds of millions of dollars per year. Three examples illustrate the savings:

- Probate Courts keep families together by appointing grandparents and other relatives as guardians when parents are unable to care for children. The care provided by Probate Court appointed guardians for 6,700 children saves **\$66 million per year** for the state's foster care budget.
- Community services arranged by conservators dramatically reduce in-patient psychiatric hospitalizations for individuals with mental illness. The state **saves \$395 million per year** in hospital costs for the 902 indigent conserved persons who are able to live in the community as a direct result of the services of a conservator.
- Over 2,600 indigent seniors are able to stay in their homes because a conservator arranges the necessary supports. By avoiding nursing home placements for those individuals, the state saves more than **\$206 million per year** in State Medicaid spending.

The Probate Court system has implemented numerous cost saving measures during each of the past six fiscal years, including a major restructuring in 2011 that continues to produce annual savings of \$4 million. Through prudent fiscal management, we have returned \$16.6 million to the general fund since 2011 and expect to end the current fiscal year 1.5% below budget. We have worked to contain the growth of conservatorship expenses – the fastest growing category in our budget – and we are proposing legislation this year to recover \$600,000 in federal reimbursement for the work of conservators. We will continue to innovate to reduce costs wherever possible.

While we recognize the severity of the state's financial situation, we make our request for funding based on compelling evidence that cutting services in the Probate Courts will, in the end, cost the state far more than any reduction in our funding because it will greatly increase demand for costly services from other state agencies. We respectfully request that the committee recommend funding in the full amount of our proposal.

**Connecticut Probate Courts**  
**FY18 and FY19**  
*Financial Projections*  
*as of February 22, 2017*

FY16 Actual	FY17 Budget	FY17 Forecast	FY18 Budget Proposal	FY19 Budget Proposal
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ANALYSIS OF REVENUE & EXPENSE

Probate Fee Revenue	\$ 39,141,237	\$ 38,290,000	\$ 44,769,000	\$ 40,400,000	\$ 38,400,000
General Fund Appropriation	-	6,000,000	5,450,000	7,100,000	7,435,000
Extended Fam. Guardianship/CIP	150,000	150,000	150,000	150,000	150,000
Other	17,066	10,000	40,100	10,000	10,000
<b>TOTAL REVENUE</b>	<b>39,308,303</b>	<b>44,450,000</b>	<b>50,409,100</b>	<b>47,660,000</b>	<b>45,995,000</b>
Expenditures	41,790,158	44,448,892	43,767,035	47,096,442	49,778,632
<b>Net Income (Loss)</b>	<b>\$ (2,481,855)</b>	<b>\$ 1,108</b>	<b>\$ 6,642,065</b>	<b>\$ 563,558</b>	<b>\$ (3,783,632)</b>

ANALYSIS OF FUND BALANCE

Fund Balance, July 1	\$ 7,061,418	\$ 4,579,563	\$ 4,579,563	\$ 11,221,628	\$ 11,785,186
Net Income (Loss)	(2,481,855)	1,108	6,642,065	563,558	(3,783,632)
<b>Fund Balance, June 30</b>	<b>\$ 4,579,563</b>	<b>\$ 4,580,671</b>	<b>\$ 11,221,628</b>	<b>\$ 11,785,186</b>	<b>\$ 8,001,554</b>

Comments:

(a) **Probate fee revenue** reflects projected additional \$2.0 million in 1Q18 resulting from fees over \$40,000 on decedents' estates with DOD 1/1/15-6/30/16.

(b) **Expenditures** increase in FY18 and FY19 due to significant increase in PJERS retirement funding (at Normal Cost), salary increases (COLA and merit) following a two-year salary freeze for non-union staff, and health insurance cost increases.

(c) **Fund balance:** The proposal assumes no sweep on the Fund Balance as of June 30, 2017 and June 30, 2018. The fund balance for June 30, 2019 is targeted at 15% of FY20 expenditures.